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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 52535

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING October 1, 2008 AND ENDING September 30, 2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Pension Dynamics Securities Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2300 Contra Costa Blvd Suite 400

Pleasant Hill

(No and Street)

California

94523-3955

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stephen J. Butler

(925) 956-0505

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Breard & Associates Inc., Certified Public Accountants

(Name - if individual, state last, first, middle name)

9221 Corbin Avenue Suite 170

Northridge

CA

91324

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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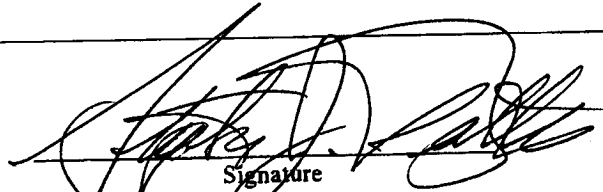
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## OATH OR AFFIRMATION

I, Stephen J. Butler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pension Dynamics Securities Corporation, as of September 30, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

State of CALIFORNIA  
County of CONTRA COSTA  
Subscribed and sworn (or affirmed) to before me this 13th day of OCTOBER, 2009  
by STEPHEN J. BUTLER  
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
Signature  
PRESIDENT  
Title

  
Notary Public



CLAUDIA BOGNER  
Commission # 1831282  
Notary Public - California  
San Francisco County  
My Comm Expires Feb 12, 2013

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss)
- ☒ (d) Statement of Changes in Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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**Pension Dynamics Securities Corporation**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For the Year Ended September 30, 2009**



BREARD & ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
Pension Dynamics Securities Corporation:

We have audited the accompanying statement of financial condition of Pension Dynamics Securities Corporation (the Company) as of September 30, 2009, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pension Dynamics Securities Corporation as of September 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Breard & Associates, Inc.

Certified Public Accountants

Oakland, California  
November 23, 2009

**Pension Dynamics Securities Corporation**  
**Statement of Financial Condition**  
**September 30, 2009**

**Assets**

Cash	\$ 39,302
Accounts receivable	3,967
Commissions receivable	527
Prepaid income taxes	<u>591</u>
<b>Total assets</b>	<b><u>\$ 44,387</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable and accrued expenses	<u>\$ 4,494</u>
<b>Total liabilities</b>	<b>4,494</b>

**Stockholder's equity**

Common stock, no par value, 10,000,000 shares authorized, 10,000 shares issued and outstanding	72,600
Additional paid-in capital	3,100
Accumulated deficit	<u>(35,807)</u>
<b>Total stockholder's equity</b>	<b><u>39,893</u></b>
<b>Total liabilities and stockholder's equity</b>	<b><u>\$ 44,387</u></b>

*The accompanying notes are an integral part of these financial statements.*

**Pension Dynamics Securities Corporation**  
**Statement of Operations**  
**For the Year Ended September 30, 2009**

**Revenues**

Commissions	\$ 108,954
Interest income	104
Other income	<u>1,877</u>
<b>Total revenues</b>	110,935

**Expenses**

Consulting service	75,491
Occupancy and equipment rental	18,000
Taxes, licenses and fees, other than income taxes	515
Other operating expenses	<u>16,372</u>
<b>Total expenses</b>	110,378

**Net income (loss) before income tax provision** 557

**Income tax provision** 1,009

**Net income (loss)** \$ (452)

*The accompanying notes are an integral part of these financial statements.*

**Pension Dynamics Securities Corporation**  
**Statement of Changes in Stockholder's Equity**  
**For the Year Ended September 30, 2009**

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance at September 31, 2008</b>	\$ 72,600	\$ 3,100	\$ (35,355)	\$ 40,345
Net income (loss)	-	-	(452)	(452)
<b>Balance at September 30, 2009</b>	<u>\$ 72,600</u>	<u>\$ 3,100</u>	<u>\$ (35,807)</u>	<u>\$ 39,893</u>

*The accompanying notes are an integral part of these financial statements.*

**Pension Dynamics Securities Corporation**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2009**

**Cash flow from operating activities:**

Net income (loss) \$ (452)

Adjustments to reconcile net income to net  
cash provided by (used in) operating activities:

(Increase) decrease in assets:

Accounts receivable \$ (3,967)

Commissions receivable 9,226

Prepaid income taxes (591)

Increase (decrease) in liabilities:

Accounts payable and accrued expenses (5,259)

Income taxes payable (431)

Total adjustments (1,022)

**Net cash provided by (used in) operating activities (1,474)**

**Net cash provided by (used in) investing activities -**

**Net cash provided by (used in) financing activities -**

**Net increase (decrease) in cash (1,474)**

**Cash at beginning of year 40,776**

**Cash at end of year \$ 39,302**

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest \$ -

Income taxes \$ 2,067

*The accompanying notes are an integral part of these financial statements.*



**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Pension Dynamics Securities Corporation (the "Company") was incorporated in the state of California on September 17, 1999. The Company is registered as a broker/dealer in securities under the Securities Exchange Act of 1934, as amended, and is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company operates as a retail broker/dealer in mutual funds, on a fully disclosed basis, whereby the Company does not hold customer funds or securities.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(i), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Commissions receivable represent commissions earned on security transactions, which are recorded on a trade date basis. Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

The Company accounts for its income taxes using the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This statement requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax credit carryforwards. Deferred tax expenses or benefits are recognized as a result of the changes in the assets and liabilities during the year.

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(Continued)**

Current income taxes are provided for estimated taxes payable or refundable based on tax returns. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities is based on provisions of enacted federal and state tax laws.

**Note 2: INCOME TAXES**

The provision for income tax expense (benefit) is comprised of the following:

	Current	Deferred	Total
Federal	\$ 209	\$ -	\$ 209
State	800	-	800
Total income tax expense (benefit)	<u>1,009</u>	<u>-</u>	<u>\$ 1,009</u>

**Note 3: COMMITMENTS AND CONTINGENCIES**

The Company has received notice from the Internal Revenue Service ("IRS") that it had filed its Federal tax returns for the years ending September 30, 2003 and September 30, 2004 improperly. The Company used Federal Form 1120, which requires the Company pay taxes on its income directly to the Internal Revenue Service. As an S Corporation, they should have used Form 1120 S, which effectively passes corporate income through to individual shareholders, who are then required to report that income on their personal tax returns. The Company has used the incorrect return form since its inception, but has gotten approval from the IRS to use Form 1120 for the year ending September 30, 2009. In the meantime, the Company has appealed to the Internal Revenue Service for a ruling on how best to resolve the issue for prior years. Any possible effect of this ruling has not been provided for in these financial statements.

**Note 4: RELATED PARTY TRANSACTIONS**

In December of 2000, the Company entered into a written agreement with Pension Dynamics Corporation ("PDC"), a company under common control, whereby PDC provides office space, equipment, accounting, and staffing to maintain the Company's operations. The Company agreed to pay PDC a variable amount for rent and administrative costs which could be altered quarterly should the Company fall close to its required net capital. For the year ended September 30, 2009, the Company paid \$99,491 under this agreement, consisting of the following amounts:

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 4: RELATED PARTY TRANSACTIONS**

**(Continued)**

Consulting service	\$ 75,491
Occupancy and equipment rental	18,000
Other operating expenses	6,000
	<u>\$ 99,491</u>

Had the Company paid an outside party for said expenses, the difference in expenses and operating results would be immaterial.

The Company receives a significant portion of its revenue through client referral from PDC.

For the year ended September 30, 2009, \$4,494 is owed to PDC on the Statement of Financial Condition.

**Note 5: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

For the year ending September 30, 2009, various accounting pronouncements or interpretations by the Financial Accounting Standards Board were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following Financial Interpretation ("FIN") and Statements of Financial Accounting Standards ("SFAS") for the year to determine relevance to the Company's operations:

<u>Statement No.</u>	<u>Title</u>	<u>Effective Date</u>
FIN 48	Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109	After December 15, 2008
SFAS 141(R)	Business Combinations	After December 15, 2008

**Pension Dynamics Securities Corporation**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

SFAS 157	Fair Value Measurements	After December 15, 2007
SFAS 160	Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51	After December 15, 2007
SFAS 161	Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133	After December 15, 2008

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 7: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on September 30, 2009, the Company had net capital of \$35,335 which was \$10,335 in excess of its required net capital of \$25,000; and the Company's ratio of aggregate indebtedness (\$4,494) to net capital was 0.13 to 1, which is less than the 15 to 1 maximum allowed.

**Note 8: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a difference of \$4,667 between the computation of net capital under net capital SEC. Rule 15c3-1 and the corresponding unaudited FOCUS part IIA.

Net capital per unaudited schedule	\$	40,002
Adjustments:		
Accumulated deficit	\$	(109)
Non-allowable assets	<u>          </u>	<u>(4,558)</u>
Total adjustments		<u>(4,667)</u>
Net capital per audited statements	\$	<u><u>35,335</u></u>

**Pension Dynamics Securities Corporation**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of September 30, 2009**

**Computation of net capital**

Common stock	\$ 72,600
Additional paid-in capital	3,100
Accumulated deficit	<u>(35,807)</u>

**Total stockholder's equity** \$ 39,893

Less: Non-allowable assets

Accounts receivable	(3,967)
Prepaid income taxes	<u>(591)</u>

**Total non-allowable assets** (4,558)

**Net capital** 35,335

**Computation of net capital requirements**

Minimum net capital requirements

6 2/3 of net aggregate indebtedness	\$ 300
Minimum dollar net capital required	\$ 25,000

Net capital required (greater of above) (25,000)

**Excess net capital** \$ 10,335

Ratio of aggregate indebtedness to net capital 0.13 : 1

There was a difference of \$4,667 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated September 30, 2009. See Note 8.

*See independent auditor's report.*

**Pension Dynamics Securities Corporation**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of September 30, 2009**

A computation of reserve requirements is not applicable to Pension Dynamics Securities Corporation as the Company qualifies for exemption under Rule 15c3-3(k)(2)(i).

*See independent auditor's report.*

**Pension Dynamics Securities Corporation**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of September 30, 2009**

Information relating to possession or control requirements is not applicable to Pension Dynamics Securities Corporation as the Company qualifies for exemption under Rule 15c3-3(k)(2)(i).

*See independent auditor's report.*

**Pension Dynamics Securities Corporation**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended September 30, 2009**



Board of Directors

Pension Dynamics Securities Corporation:

In planning and performing our audit of the financial statements of Pension Dynamics Securities Corporation (the Company), as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at September 30, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Breard & Associates, Inc.".

Breard & Associates, Inc.

Certified Public Accountants

Oakland, California

November 23, 2009